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11 MAY 1950

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GENERAL

1. Acheson and Bevin discuss Western problems--During a discussion of the world situation with Secretary of State Acheson in London, British Foreign Secretary Bevin expressed considerable concern over the possibility that the USSR might develop two big civil wars; one starting from Eastern Germany and one in Southeast Asia. Bevin cited the Greek civil war as an example of Soviet capability for starting civil wars without participating in them. He agreed with Acheson that Western military defenses and the association of the North Atlantic Treaty must be strengthened, but commented that such a strengthening would require the coordinated action of the Atlantic community and must be based on economies that would carry the weight without jeopardizing standards of living. Bevin stated that the UK has a dual approach to the problem: (a) to organize Europe as efficiently as possible; and (b) to stay under the umbrella of the Atlantic "organism." He also emphasized that the UK's economic and financial situation places limits on its ability to build its defenses. Acheson stated that he recognized that a broader economic base would be necessary to increase the Western defense effort and added that it was clear to the US that its interest in Europe would not stop with 1952. He expressed the hope that a definite program for that period would be formulated by the end of 1950.

Concerning Southeast Asia, Bevin said: (a) that all of the area could be held if India and Pakistan settle their differences and remain with the West; and (b) the UK cannot contribute much economic assistance to the area. In a lengthy discussion on China policy, Bevin stressed the importance of preventing present US-UK differences from developing into an open split which might prejudice cooperation elsewhere. He expressed strong doubts about the present value of the UK position in China, but said that it was irreversible, and might in the end prove to be wise.

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Turning to the colonial question, Bevin expressed his concern and hope that the US would review its position in the light of the "progressive" evolution in British colonial policy. He stated that the loss of colonial areas would be fatal to allied defenses, and it was agreed that the US and UK positions should be further discussed in an effort to reach agreement before trusteeship matters arise in the next UN meeting.

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EUROPE

2. GREECE: Relations with Yugoslavia--US Embassy Athens reports that during a recent conversation at the Greek Foreign Office, the Yugoslav Charge d'Affairs suggested an exchange of Ministers with the Greek Government and Greek Premier Plastiras agreed. The Yugoslav Charge stated that Yugoslavia has sent a representative to Geneva to discuss with the International Red Cross the question of the Greek children in Yugoslavia. He also suggested resumption of rail and other communications between Yugoslavia and Greece.

(CIA Comment: CIA believes that the Yugoslav proposal to exchange representatives with Greece is another step in Yugoslavia's efforts to strengthen its capability for resisting Soviet pressure by rapprochement with its neighbors.)

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FAR EAST

3. AUSTRALIA: Attitude toward New Guinea question--The Australian Government has informed US Embassy Canberra that it intends to deliver formally to the Indonesian Government about 15 May a note expressing Australian concern

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over the future of Netherlands New Guinea. The note will declare that: (a) Australia does not consider Indonesian claims to Netherlands New Guinea justified; and (b) if a change in the status of Netherlands New Guinea is contemplated, Australia will press its own claims for the area, on the grounds of security.

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THE AMERICAS

4. HAITI: Military junta ousts President Estime--US Charge Burns in Port-au-Prince reports that the situation is outwardly calm following the ouster of President Estime by a military junta. The Embassy expresses the opinion that this move resulted from the military's apprehension that Estime might attempt to assume dictatorial powers prior to the presidential elections scheduled for 1952.

(CIA Comment: CIA believes that although the junta's seizure of power may be a setback for the use of constitutional processes in effecting changes in Western Hemisphere governments, other more immediate US security interests will not be materially affected.)

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